

E-118, 329/SA-90-363 APPROVING AGREEMENT AND REQUIRING CHANGES IN SERVICE
AREA MAPS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Patrice Vick	Commissioner

In the Matter of the Joint Petition of
Kandiyohi Cooperative Electric Power
Association and the Willmar Municipal
Utilities Commission for Approval of an
Agreement on Service Territory Boundary
Changes

ISSUE DATE: August 13, 1990

DOCKET NO. E-118, 329/SA-90-363

ORDER APPROVING AGREEMENT AND
REQUIRING CHANGES IN SERVICE
AREA MAPS

PROCEDURAL HISTORY

On May 9, 1990, Kandiyohi Cooperative Electric Power Association (the co-op) and the Willmar Municipal Utilities Commission (the City) filed a joint petition for approval of an agreement modifying their assigned service area boundaries. They also filed their Agreement for Change in Boundaries of Assigned Service Areas, a Contingency Agreement, and maps and legal descriptions relating to the proposed modifications. On May 20, the Commission issued a notice establishing a comment period on the proposed modifications.

On June 12, the Department of Public Service (the Department) filed comments recommending approval of the agreement, with minor clarifications.

The matter came before the Commission on July 24, 1990.

FINDINGS AND CONCLUSIONS

Since June 1988, these two utilities have brought eight service area disputes before the Commission. The filed agreement disposes of unresolved issues in all eight disputes and is intended to prevent such disputes in the future.

The agreement reflects a comprehensive re-examination and realignment of the two utilities' service areas in light of current conditions. The City has grown significantly since 1975, when exclusive service areas were first established. Its interest in expanding its service area to reflect that growth

has been in conflict with the co-op's interest in protecting the investments it has made to serve its customer base. The agreement balances and protects these interests to the satisfaction of the parties. It does this in large part by substituting certainty for uncertainty and by providing a \$775,612 cash payment to the co-op for its loss of specified portions of its service area.

With limited exceptions, the agreement allows the City to serve all customers within the city limits and within adjoining areas included within its new service area boundaries. The co-op will serve certain exception customers within that area and any existing customers within areas the City may annex during the 20 year term of the agreement.

The agreement is the result of lengthy negotiations in which both utilities were represented by counsel. It provides the stability necessary to allow the two utilities to plan effectively to meet the long term needs of their revised service areas. It provides the public with clear guidance on which areas will be served by each utility.

The Commission finds that the agreement is in the public interest and will approve it. The Commission makes no finding on the appropriateness of the agreed-upon compensation outside the context of this case. The compensation award approved herein will not be viewed as precedential in future compensation proceedings.

The Department requested two clarifications of the filed materials. The first related to a discrepancy between the 1/2 section maps and the large city map filed with the agreement. The parties explained that the large city map contained an error, which was corrected in a subsequently filed map. The Commission will substitute the corrected map for the erroneous one. The parties also stated that the 1/2 section maps are controlling and are intended to be the official service area maps. The large city map is intended for illustrative purposes only.

The second clarification related to the number of exhibits attached to the agreement. The agreement at one point refers to "exhibit" in the singular, although two exhibits are attached. The parties have indicated that both exhibits, Exhibit A and Exhibit B, are to be incorporated into the agreement. The Commission will so order.

The Commission will close the service area dockets resolved under the agreement by separate Orders under their individual docket numbers.

ORDER

1. The service area agreement filed by the Willmar Municipal Utilities Commission and Kandiyohi Cooperative Electric Power Association on May 9, 1990 is hereby approved.
2. The service area agreement referred to in paragraph 1 includes two exhibits, Exhibit A and Exhibit B.
3. The 1/2 section maps filed by the parties shall now constitute the official service area maps

for the areas depicted thereon.

4. The Department shall amend the official service area maps to reflect the terms of the agreement.

5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)